

**Achievement of Market-Friendly Initiatives and Results
(AMIR 2.0 Program)**

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Securities Law Amendments

Final Report

**Deliverable for Capital Market Development Component
Task No. 611 “U.S. SEC Support To JSC”
and Task No. 612 “JSC Rules and Regulations”
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Draft Law No. () for the Year 2002 The Law Amending the Securities Law

Article (1)

This Law shall be cited as “The Revised Securities Law of 2002”, and it amends and revises, and shall be read with, Law No. (23) of 1997, referred to hereunder as the "original Law". It shall come into force 30 days from its publication in the Official Gazette.

Chapter 1

Definitions

Article (2) Definitions

The Kingdom:

The Hashemite Kingdom of Jordan.

The Commission:

The Jordan Securities Commission.

The Chairman:

The Chairman of the Jordan Securities Commission.

Commission rules:

Commission rules include the rules, regulations and instructions of the Commission.

Bank:

A commercial bank licensed by the Central Bank to have the power to accept deposits and other repayable funds from the public, to extend guarantee and commitment service and to conduct money brokering.

Bonds:

Negotiable securities with a maturity of two years or more from issue for which the interest rate and the terms for the repayment of the principal and the payment of interest are determined at the time of issue.

Person:

Unless otherwise specified, the term “person” includes either a natural or legal person.

Stock Exchange:

Any trading market in securities licensed by the Jordan Securities Commission.

Trading market in securities:

Includes any organized stock exchange or periodic or continuous use of media of public communication to enable trading of securities or financial assets.

The Center:

The Securities Depository Center.

“Broker” or Waseet for the account of others:

Any person engaged in the business of buying and selling securities for the account of others.

“Dealer” or Waseet for his own account:

Any person who engages in the business of buying and selling securities for his own account.

“Investment Trustee” or Amin Al-Istithmar:

Any legal person, who, for compensation, undertakes to administer and monitor the management of a clients’ investments so as to ensure conformity with the client’s investment policy specified in an agreement concluded between the client and the investment manager.

“Investment Manager” or Mudir Al-Istithmar:

Any person engaged in the business of managing securities portfolios or collective investment funds for others.

“Financial Advisor” or Mustashar Mali:

Any person engaged in the business of providing advice with respect to securities investment to others for a fee, charge or commission.

Underwriter:

A legal person engaged in the business of marketing securities on behalf of the issuer or manager of primary issues.

Financial services company:

Any legal person engaged in the business of performing services as a broker, dealer, investment trustee, investment manager, financial adviser, underwriter, or any combination of these functions.

Registered representative or Shaks Mo’atamad:

Any natural person who is a partner, officer, director, manager or employee of a broker, dealer, investment trustee, investment manager, financial adviser, underwriter or financial services company engaged in business in the Kingdom (or any person occupying a similar status or performing similar functions), except that the term excludes any person whose functions are solely clerical, ministerial or unrelated to the conduct of any business in securities within the Kingdom.

Custodian:

Any bank or other financial institution authorized by law to provide custodial services.

Licensed person or registered persons:

Any person licensed or registered with the Commission.

Issuer:

Any person issuing or announcing the intention to issue securities.

Public issuer:

Any issuer who has filed a prospectus that has become effective with the Commission.

Public takeover bid:

A public bid, offer or tender for the purchase or exchange of 40 percent or more of the securities of one issuer.

Mutual fund:

An organization created under, and operating in accordance with, the provisions of Chapter 7 of this Law, and any Commission rules thereunder, to invest in a portfolio of shares or other financial assets for the purposes of providing professional management of a collective investment on behalf of the interests of its share or unit holders.

Investment company:

For the purposes of this Law, the term “investment company” shall mean a legal person whose principal activity or intended activity is investing and trading in securities of other issuers, or one which owns or intends to own more than 50 percent of its total assets in the form of securities of other issuers. This does not include banks or insurance companies performing banking or insurance business as such. While all mutual funds are investment companies, not all investment companies are mutual funds.

Shared investment account:

An account that combines the investments of more than one person for the purposes of administration.

Material fact:

A material fact is a fact or datum that, to a reasonable person, would have an effect in making a decision to buy, hold or sell a security.

Prohibited act:

Any action, practice, scheme or device forbidden in the Law or the Commission rules, thereunder.

Misrepresentation:

An untrue statement of a material fact, or omission to state a material fact necessary to avoid a statement made from being false or misleading, that is intended to persuade another person.

Deception:

An act, scheme, device, practice or course of conduct likely to have the effect of misleading another and intended to mislead another.

Affiliate:

A person who controls another person or is controlled by that other person, or who, together with that person is controlled by the same person.

Control:

The ability to influence effectively, directly or indirectly, the actions and decisions of another person.

Inside information:

Information of a precise nature relating to one or several issuers of transferable securities or to one or several transferable securities which has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the transferable security or securities in question.

Insider:

Any person who possesses inside information:

- by virtue of his membership in the administrative, management or supervisory bodies of the issuer,
- by virtue of his holding in the capital of the issuer, or
- because he has access to such information by virtue of the exercise of his employment, profession or duties.

Relatives:

Spouse and children.

Short Sale:

A transaction which the seller intends to settle by delivery of securities borrowed by or on behalf of the seller.

Securities Trades:

Transactions constituting binding contracts to sell and purchase securities, including the assumption of obligations to transfer ownership rights and to make payment.

Clearing:

The computation of the obligations of trading counterparties to make deliveries of securities or payments of cash on a specific settlement date.

Settlement:

The process by which a securities transaction is completed with the final, unconditional transfer of securities from the seller to the buyer (delivery) and the final transfer of funds from the buyer to the seller (payment).

Delivery against payment:

A method for the settlement of securities trades under terms that require delivery of valid ownership rights to securities in exchange for effective payment where the delivery of securities purchased occurs if and only if payment for the securities also occurs.

Article (3) Securities under this Law

A- The term “securities” includes any local or foreign property rights or evidences of participation that are commonly recognized as securities and considered as such by the Commission, subject to the provisions of the legislation in force.

B- Without limiting the generality of Paragraph (A), securities include:

1. Negotiable and transferable company shares.
2. Bonds issued by companies.
3. Securities issued by the government or government or public enterprises or municipalities.
4. Securities-deposit receipts.
5. Investment units in collective investment funds.
6. Equity option bonds.
7. Spot contracts and forward contracts.
8. Sale and purchase option contracts.
9. A property right or evidence of a property right or participation in
 - a. A profit-sharing plan or agreement,
 - b. A trust, estate or association,
 - c. An oil, natural gas or mining lease, or
 - d. A claim, royalty or other right.
10. A right to acquire any of the above.

C- The following shall not be deemed as securities: commercial papers such as cheques, bills of exchange, documentary credit, and transfers; instruments exclusively traded among banks; insurance policies and entitlements in pension funds which are financed by other than contributions of beneficiaries.

D- Securities are negotiable instruments that may be issued in either documentary or non-documentary form. By a decision of its board of directors, the issuer shall determine the form in which it will issue its securities or whether to change from one form to the other, provided that any change of form shall not be effective until sufficient notice has been furnished to the Controller of Companies, the Jordan Securities Commission, the stock exchange and the Securities Depository Center and its shareholders.

E- Notwithstanding the provisions of other laws, with respect to company shares and other securities traded in the trading markets for securities, the rules governing the following are governed by this Law and the Commission rules issued pursuant thereto:

1. the legal rights of the parties to a sale, purchase or transfer arising out of that sale, purchase or transfer;
2. the legal rights of the parties to a sale, purchase or transfer arising out of that sale, purchase or transfer;
3. the form, method and legal effects of recording ownership interests;
4. the transfer of ownership interests and rights upon transfer;
5. the rights of the parties involved in the clearing, settlement and transfer processes; and
6. the rights of creditors of the parties to securities trades, including rights with respect to both the cash (or cash equivalents) and the securities involved, during the process of sale, purchase or transfer.

Chapter 2

Securities Commission

Article (4) Establishment of the Jordan Securities Commission

- A- As a separate juridical person, the Commission is vested with administrative and financial independence, and, in its own name, has the right and power to own, lease and dispose of property, to enter into contracts, and to sue and be sued. Any property purchased, owned or leased, however, shall be related to the Commission's uses and performance of its duties. It shall also have its own seal.
- B- The Commission shall report to the Prime Minister.
- C- The Commission shall enjoy all the exemptions and privileges accorded to Ministries and Government departments and official public institutions and is exempted from all governmental taxes and duties, including customs duties, revenue stamps and the general sales tax. The Commission shall not engage in commercial activity, have a stake in any project, lend funds, or acquire, own or issue securities, except that, with the approval of the Cabinet, the Commission may borrow funds and may own the securities issued by the government, official public institutions, public enterprises or municipalities.
- D- The Commission may be represented by the Attorney General or the General Civil Attorney or it may authorize any lawyer to act on its behalf.
- E- The Commission's funds and rights against others are deemed as domanial property, to be collected in accordance with the provisions of the Law on the Collection of Domanial Property in force. For the purposes of enforcement of this Article, the Chairman shall assume the authorities of the Administrative Governor and the Committee for Collection of Domanial Property as stipulated in the aforementioned Law.
- F- The Commission's revenues and expenditures shall be monitored by the Audit Bureau. The Commission may appoint auditors and set their fees.
- G- The Commission's headquarters shall be in Amman.

Article (5) Commission role and function

The role and function of the Securities Commission are:

1. the protection of investors;
2. ensuring that markets are fair, efficient and transparent; and
3. the reduction of systemic risk.

Article (6) Composition of the Commission

- A. The Securities Commission shall be comprised of five Commissioners who shall be Jordanian natural persons, shall serve on a full time basis, and shall be experts in securities.
- B. Commissioners shall be responsible for, and authorized to, execute the authority and responsibility conferred under this Law.
- C. References herein to the "Commission", unless the context otherwise requires, shall mean the five Commissioners, or a majority of them, acting jointly.
- D. The Chairman, the Deputy Chairman and the other members of the Commission shall be appointed for a five year term, and the salaries and financial entitlements thereof shall be determined by a decision of the Council of Ministers, endorsed by a Royal Decree.

Article (7) Commissioners declaration and bar to other professional activity

- A. Upon assuming duty, a Commissioner shall declare in writing to the Commission any securities owned by the Commission, or at the Commission's disposal or at the disposal of any relatives thereof, as well as any shares or stocks in financial services companies owned by the Commission, or at the Commission's disposal or at the disposal of any relatives thereof. The Commissioner shall also declare in writing to the Commission any changes to the aforementioned within three days of the Commission's knowledge thereof.
- B. A Commissioner shall not practice any other profession or assume any other job, including occupying a ministerial post, being a member of Parliament, being employed by or occupying a post in a company, an enterprise, the Government, any official public institution, public enterprise or municipality. A Commissioner also shall not be someone in a position to influence the decisions of such entities, or who acts in a consultative capacity thereto.

Article (8) Commission meetings and proceedings

For Commission meetings, a quorum shall consist of four Commissioners. Commission decisions and recommendations shall be adopted by unanimity or a majority of three votes.

The procedures and rules governing Commission meetings and the manner of calling such shall be stipulated in Commission rules.

Article (9) Chairman

The Chairman shall preside at Commission meetings and shall --

1. Sign contracts as authorized by the Commission;
2. Sign, solely or jointly with others, the Commission's reports, financial statements and records, correspondence and documents.

Article (10) Delegation of Authority

- A. The Chairman may delegate any of his authorities in accordance with the provisions of this Law or the Regulations issued pursuant thereto, provided the delegation is specific and is put in writing.
- B. The Deputy Chairman shall carry out the tasks and duties assigned thereto by the Chairman and shall assume the Chairman's authorities in the Chairman's absence, or if the Chairman's position becomes vacant.

Article (11) Commission fees and charges

- A. The Commission may charge fees for the following:
 1. The filing of a prospectus with the Commission;
 2. The grant or renewal of any license authorized to be conferred by the Commission under the terms of this Law;
 3. The registration of mutual funds
 4. Listing fees and
 5. A share of trading commissions
- B. The maximum amounts for the fees set forth in Paragraph (A) of this Article shall be set by a regulation to be issued for this purpose;
- C. The fees imposed shall devolve to the Commission.

Article (12) Commission's financial resources

The Commission's financial resources shall consist of the following:

--The fees, service charges, and fines received in accordance with the provisions of this Law and Regulations issued pursuant thereto.

--The fees charged for the use of the Commission's facilities, returns on the Commission's assets, and proceeds from the sale of the Commission's assets.

--Assistance, donations, grants and gifts received by the Commission, provided they are approved by the Council of Ministers.

--Amounts the Government allocates to the Commission or for covering a deficit in the Commission's revenue and expenditures account.

Article (13) Commission reserves, etc.

- A. The Commission shall maintain general reserves in which (50 percent) of the revenues in excess of current and capital expenditures, for any fiscal year, are recorded. Any remaining amount shall be paid to the Government.
- B. The excess referred to in Paragraph (A) of this Article shall be determined upon deducting all current and capital payments and any special reserves for expected expenses or for countering any deficit in the Commission's assets.
- C. Any deficit occurring in the revenue and expenditures account, both current and capital, for any fiscal year shall be covered from the general reserves.
- D. If the general reserves are insufficient to cover the deficit in the revenue and expenditures account, both current and capital, for any fiscal year, the Government shall, within the three months following the end of that fiscal year, pay the sums sufficient to cover such.
- E. All fees and service charges collected by the Commission, as well as fines awarded pursuant to the provisions of this Law, regulations and instructions issued pursuant thereto, shall devolve upon the Commission.

Article (14) Commission responsibilities and powers; rule-making power

- A. In furtherance of its role and function, it shall be the responsibility of the Commission, and it hereby is vested with the power and authority necessary, to establish requirements, and procedures for confirming compliance with those requirements, --
 - 1. to assure that issuers of securities make complete and accurate disclosure of information material to investors in connection with public offerings of securities;
 - 2. for a system of periodic reporting by issuers of securities traded in the trading markets in securities in the Kingdom;
 - 3. for the licensing and monitoring of persons engaged in capital market activities;
 - 4. regarding the organization and conduct of trading markets in securities;
 - 5. regarding the organization and conduct of the Securities Depository Center created under Chapter 6 of this Law; and
 - 6. for mutual funds and investment companies.
- B. The Commission has regulatory authority with respect to all persons licensed pursuant to the provisions of this Law and with respect to all issuers of securities in the Kingdom.

- C. The Commission is authorized to issue such Commission rules in furtherance of these responsibilities as it finds necessary and proper for the furtherance of its role and functions.
- D. The Commission is further authorized and empowered to supervise compliance with the provisions of this Law and Commission rules issued thereunder, and to impose sanctions for violations of those provisions or Commission rules.

Nothing in this Article shall be construed to narrow or limit the scope and nature of the power and authority vested in the Commission in any provisions of this Law specifically related to the enumeration above.

Article (15) Investigations

- A. The Commission or any officer designated by it may make such inspections or investigations as it deems necessary to determine whether any person has violated, is violating, or is about to violate any provision of this Law or Commission rules.
- B. The Commission or any officer designated by it is authorized to inspect, audit and make copies of, the books and records of any licensed person within the meaning of this Law, either with or without prior notice; except any such inspection shall be conducted only during customary business hours.
- C. For the purpose of any investigation, or any other proceeding authorized under this Law, the Commission or any officer designated by it is authorized and empowered to compel the attendance of witnesses, take evidence under oath, and require the production of any books or records which the Commission deems relevant or material to the inquiry.
- D. Failure to comply with a Commission order to produce books or records or to appear for a hearing on the part of any licensee under this Law shall be a basis for the immediate revocation of the license.
- E. Failure to comply with a Commission order to produce books or records or to appear for a hearing on the part of any person who is not a licensee under this Law shall be a violation of this Law.
- F. The Commission is authorized, in its discretion, to investigate any facts, conditions, practices, or matters which it may deem necessary or proper to aid in the enforcement of the provisions of this Law, in the prescribing of Commission rules under this Law, or in securing information to serve as a basis for recommending further legislation related to the capital market.
- G. For purposes of this Article, books and records shall include bank statements, correspondence, memoranda, documents, computer files and other written or electronic forms of information storage.

- H. At the request of a foreign securities commission or regulator, the Commission is authorized to support an investigation by that commission or regulator by providing information about licensed persons or their business or by carrying out an investigation itself.
- I. Any information to which Commission employees have access shall be deemed confidential. However, the Commission may disclose information it deems necessary for protecting investors.

Article (16) Commission enforcement actions

- A. The Commission is authorized, in its discretion, to publish information concerning any violations it may uncover of the provisions of this Law to alert investors to emergency situations.
- B. In general, unless the Commission determines that notice and hearing prior to entry would be impracticable or contrary to the public interest, enforcement orders shall be entered only after notice and opportunity for a hearing.
- C. To deal with situations where immediate enforcement action is necessary to protect investors, the Commission, upon a determination of good cause therefor, is empowered to order the suspension --
 - of dealings in any security for the period it deems appropriate;
 - of a public offering of a new issuance of securities for the period it deems appropriate; or
 - of activities or operations by a licensed person for the period it deems appropriate.
- D. The Commission may enter a temporary order to cease and desist pending a hearing whenever the Commission determines that an alleged violation or a threatened violation is likely to result in dissipation or conversion of assets, immediate harm to investors, or injury to the public interest. A temporary order shall become effective upon service upon the respondent and, unless set aside, limited, or suspended by the Commission or a court of competent jurisdiction, shall remain effective and enforceable pending the completion of the proceedings. This paragraph shall apply only to a respondent that is, or, at the time of the alleged misconduct was, a licensed person.
- E. At any time after the respondent has been served with a temporary cease-and-desist order pursuant to this section, the respondent may apply to the Commission to have the order set aside, limited, or suspended. If the respondent has been served with a temporary cease-and-desist order entered without a prior Commission hearing, the respondent may, within 10 days after the date on which the order was served, request a hearing on such application and the Commission shall hold a hearing and render a decision on such application at the earliest possible time.

F. Within--

- (1) 10 days after the date the respondent was served with a temporary cease- and-desist order entered with a prior Commission hearing, or
- (2) 10 days after the Commission renders a decision with respect to any temporary cease-and-desist order entered without a prior Commission hearing,

the respondent may apply to the court for an order setting aside, limiting, or suspending the effectiveness or enforcement of a Commission order, or temporary order, issued pursuant to this Article, and the court shall have jurisdiction to enter such an order.

Article (17) Notice and hearing to proceed against violations

- A. The Commission may order an investigation or a hearing to determine whether any person is violating, has violated, or is about to violate any provision of this Law, or any rule, regulation or instruction thereunder.

--An order for investigation shall indicate the nature of the suspected violation and shall set forth the scope of the authority to investigate.

--The notice for a hearing shall indicate the nature of the suspected violation, shall inform the respondent of the right to be heard and present evidence and shall fix a hearing date.

- B. If the Commission finds, after notice and opportunity for hearing, that any person is violating, has violated, or is about to violate any provision of this Law, or any rule, regulation or instruction thereunder, the Commission may

1. Publish its findings and enter an order requiring such person to cease and desist from committing or causing such violation and any future violation of the same provision, rule, regulation or instruction;
2. Order that person within a specified period of time to do one or more of the following:
 - (a) undo the breach;
 - (b) cease and desist from committing the breach;
3. Impose a monetary penalty under Article 18;
4. Order the cessation of the issuance or trading of any securities of which that person is the issuer and to which the offence relates; or
5. If that person is a licensed or registered person suspend or revoke his license or registration.

Article (18) Commission authority to assess money penalties and make criminal reference

A. The Commission may impose a monetary penalty if it finds, on the record after notice and opportunity for hearing, that any person--

1. has violated any provision of this Law and that such willful violation has caused injury to public investors;
2. has willfully aided, abetted, counseled, commanded, induced, or procured such a violation by any other person; or
3. has willfully made or caused to be made in any application or report required by this Law to be filed with the Commission, any statement which was, at the time and in the light of the circumstances under which it was made, false or misleading with respect to any material fact, or has omitted to state in any such application or report any material fact which is required to be stated therein;

and that such penalty is in the public interest

B. The maximum amount of penalty for each act or omission described in this Article shall be ----- for a natural person or ----- for any other person.

C. In considering under this section whether a penalty is in the public interest, the Commission may consider--

- (1) whether the act or omission for which such penalty is assessed involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement,
- (2) the harm to other persons resulting either directly or indirectly from such act or omission,
- (3) the extent to which any person was unjustly enriched, taking into account any restitution made to persons injured by such behavior,
- (4) the need to deter such person and other persons from committing such acts or omissions; and
- (5) such other matters as justice may require.

D. Any penalty imposed under this section may be reviewed in a court of competent jurisdiction. The court shall review the Commission action to determine whether it was arbitrary or without adequate justification based on the record compiled by the Commission in its proceeding.

E. Fines imposed pursuant to the provisions of this Law shall devolve upon the Commission.

- F. In addition to the powers specified herein, the Commission may refer violations of the provisions of this Law to the criminal courts where the Commission determines that criminal penalties may be warranted.

Article (19) Notice of rule making

- A. Prior to implementing any rule, regulation or instruction, or any amendment thereto, issued under this Law, the Commission shall publish notice of its intent prior to the proposed date of taking effect of such rule, regulation, instruction or amendment. The notice shall provide at least 30 days for the submission of written comments to the Commission.
- B. All persons shall have the right to submit written comments on any proposed rule, regulation or instruction, or any amendment thereto within the 30-day period provided herein. After due consideration to the comments submitted, the final version of the rule, regulation, instruction or amendment shall be published at least 20 days prior to its effective date.

The publication required under this Article may be on the Commission's website or otherwise, as the Commission may determine will be most appropriate for providing notice to interested parties.

Article (20) Annual report by Commission

The Commission shall submit to the Council of Ministers, within the first three months of the beginning of each fiscal year, a summary report on the Commission's activities during the preceding year and copies of the Commission's balance sheet, and revenue and expenditure account.

Article (21) Securities investors protection funds

- A. Under such Commission rules as the Commission may from time to time prescribe or approve in the public interest, the Commission shall establish, or facilitate the establishment of, an insurance fund for the purpose of compensating investors for extraordinary losses or damage they may suffer as a result of business failure or fraud or mismanagement by capital market participants with whom they may entrust securities or cash in connection with transactions in securities.
- B. The Commission may, having due regard to the public interest or the protection of investors, regulate, supervise, examine, suspend or otherwise discontinue such funds under such Commission rules as the Commission may promulgate, and which may include taking custody and management of the fund itself as well as investments in and disbursements from the funds under such forms of control and supervision by the Commission as it may from time to time require.

- C. The authority granted to the Commission under this Article shall apply to all funds established for the protection of investors, whether established by the Commission or otherwise.
- D. The Commission may impose transaction charges and fees on securities trades for the purpose of funding any insurance system established pursuant to this provision. The Commission, by rule or regulation, also may require contributions to the fund or funds from persons transacting in securities based on the amounts of risk they create for the fund.

Chapter 3

Disclosure

Article (22) No public offer without effective prospectus

- A. No person shall publicly offer securities for sale unless a prospectus shall (i) be filed with the Commission, together with such additional information as the Commission, through Commission rules shall require; and (ii) be declared effective by the Commission.
- B. In all circumstance, the offer shall be made in one of the following ways:
1. By means of the prospectus;
 2. By means of an advertisement approved by the Commission containing a summary of the prospectus and other information filed with the Commission;
 3. By means of a text attached to the prospectus.
- C. No sale of securities that are part of a public offer shall be binding upon the buyer unless the buyer first has received a copy of the effective prospectus.

Article (23) Public offer defined

- A. For the purposes of this Law, an offer shall be deemed to be a public offer if directed to more than thirty persons.
- B. The Commission shall by rule provide that an offer shall not be deemed a public offer where, because of the following factors, the protection of public investors does not require that an effective prospectus need precede a sale of securities:
- the number of investors to whom the offer is made and the capacity of each to evaluate and to bear the investment risks involved;
 - the limited amount of money being raised by the offer; or
 - adequate and accurate disclosure is furnished to investors in accordance with rules prescribed by the Commission prescribing alternatives to the prospectus required by this Chapter.

Article (24) Information in addition to the prospectus

- A. In addition to any other requirements the Commission may impose pursuant to Article (21), the additional information to be filed together with the prospectus shall include the following:

1. a copy of any agreement or agreements made with the underwriter;
 2. a copy of the opinion or opinions of counsel in respect to the legality of the issue, with a translation of such opinion, when necessary, into the Arabic language;
 3. a copy of all material contracts, but no disclosure shall be required of any portion of any such contract if the Commission determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of the investors;
 4. (a) a copy of its articles of association, with all amendments thereof and of its existing memorandum of association or instruments corresponding thereto, whatever the name, if the issuer be a public shareholding company; (b) copies of all instruments by which the limited liability company is created or declared, if the issuer is a limited liability company; (c) a copy of its articles of partnership or association and all other papers pertaining to its organization, if the issuer is a partnership, unincorporated association, or any other form of organization; and a copy of the underlying agreements or indentures affecting any stock, bonds, or debentures offered or to be offered; and
 5. copies of the issuer's agreements with an independent transfer agent and registrar for the subject securities.
- B. The Commission, by Commission rules may require additional information to be included in a written document or electronic file in order to qualify as a prospectus for purposes of this Law.

Article (25) Public issuer

Any person who shall file a prospectus that has been declared effective in accordance with the provisions of this Law shall be deemed a "public issuer" for purposes of this Law.

Article (26) Exemption from prospectus requirement

The Commission may by Commission rules provide for disclosure to be made by means other than the prospectus required in this Chapter where, consistent with the protection of public investors, a formal prospectus is not required because of:

- the limited number of investors to whom the offer is made and the capacity of each to evaluate and to bear the investment risks involved;
- the limited amount of money being raised by the offer.

Article (27) Signatures required on prospectus

To qualify as a prospectus for purposes of this Law, a document or electronic file must be signed by the chief executive officer, the chief financial officer, the chief operating officer and:

- if a public shareholding company, a majority of its board of directors;
- if a limited liability company, by a majority of the partners;
- if a partnership, by a majority of the general partners;
- if a newly organized company, by a majority of its promoters;
- an officer, director or partner of the underwriter; and
- an officer, director or partner of the auditing firm that certified the financial reports included in the prospectus.

For purposes of this provision, the Commission, by Commission rules, may prescribe a form of electronic signature that shall serve as equivalent to a writing.

Article (28) Accountability for prospectus

- A. It shall be a violation of this Law for any person to sign a prospectus that includes a misstatement of material facts, or omissions of material facts, therein.
- B. Any issuer of a prospectus that includes a misstatement of material facts or omits to state material facts necessary to convey clear meaning, shall be in violation of this Law and subject to the penalties and sanctions provided under it.

Article (29) Form of prospectus to be prescribed by Commission

- A. To qualify as a prospectus for purposes of this Law, a document must be in such form of writing or electronic data as the Commission, by Commission rules may prescribe.
- B. The Commission shall prescribe a standard form of written or electronic prospectus to be submitted in fulfillment of the requirements of **Article (22)**.
- C. The Commission rules shall prescribe requirements to disclose all the facts, data and information that an investor requires to make an informed investment decision.
- D. Failure to comply with the Commission's prospectus disclosure requirements shall constitute a violation of this Law.

Article (30) Prospectus public upon filing

- A. A prospectus filed with the Commission shall become public upon filing.
- B. The Commission shall provide for public access to prospectuses and other information filed pursuant to this Article.

- C. Upon petition by an issuer or underwriter, good cause therefor appearing, the Commission may order portions of the information filed together with the prospectus to be treated as confidential on the grounds that public disclosure would risk disclosing important business secrets. The Commission shall hold a hearing to decide the claims presented in the petition.

Article (31) Effective date of prospectus

The prospectus is deemed to be effective **thirty** days after its submission to the Commission, unless within this period the Commission declares the prospectus effective or disapproved. The Commission may specify the period during which the prospectus is considered effective.

Article (32) Notification of changes

The issuer shall inform the Commission in writing or electronically of any changes to the information in the prospectus as soon as they occur, whether or not the prospectus has been declared effective.

Article (33) Commission declaration of effectiveness of prospectus

- a) The Commission staff shall review prospectuses and the accompanying information filed pursuant to **Articles (22) & (24)** to determine whether the filings satisfy the requirements of this Law and the Commission rules issued thereunder. For this purpose, the Commission may hold hearings for the purpose of evaluating the adequacy and accuracy of information provided.
- b) The Commission may deny effectiveness to a prospectus if it finds that--
- 1) The prospectus, or any of the accompanying information, does not conform to the requirements of this Law or the Commission rules thereunder;
 - 2) The prospectus or any of the accompanying information contains false or misleading information, omits facts or information material to the making of an investment decision by public investors or presents information in a way that renders the information set forth therein, in the context in which it appears, false, misleading or inaccurate; or
 - 3) If the required fees have not been paid.

Article (34) Periodic reports

- A. Every public issuer and every issuer of securities traded in a trading market in securities shall file with the Commission and publish the following periodic reports:
- an annual report, including financial statements certified by an independent auditor, within 90 days of the end of its fiscal year;

- a semi-annual report within 30 days of the end of the period; and
 - a report of the election of a board of directors or a change in the composition or identity of the board of directors.
- B. Every public issuer and every issuer of securities traded in a trading market in securities shall make a public statement announcing any non-routine event likely to have material significance for the business and success of the issuer to be made as soon as the occurrence is recognized.
- C. The Commission, by Commission rule, shall prescribe the form and content of the reports required under this Article and specify the persons required to sign the report. In prescribing the form of such reports, the Commission shall give due consideration to the feasibility of electronic filing.
- D. Publication of the reports specified in paragraph a) may be in a newspaper of general circulation in the Kingdom, by means of written or electronic mailings addressed to each security holder of record or by such other means as the Commission may by Commission rule prescribe.

Article (35) Acquisitions of public issuer securities

- A. No person shall publicly bid to purchase, or acquire by exchange, more than 40 percent of a public issuer's securities unless a take-over statement shall be filed with the Commission in a form that the Commission shall prescribe through Commission rules.
- B. A public offer to purchase or exchange relating to any securities is deemed to be an offer to all owners of such securities.
- C. In effecting any purchase or acquisition by exchange under this Article, the purchaser or acquirer shall pay any owner of securities that are subject of the offer, who offers to sell such securities, the highest price paid to any other seller of such securities, without discrimination.
- D. If the number of securities offered for sale or exchange by owners to the person who makes the public offer to purchase or exchange is higher than the number of securities that person intends or commits to buy or exchange, then purchase or exchange shall be from all owners who offer to sell or exchange, in the proportion of the securities offered for sale or exchange to the securities demanded for purchase or exchange.

Chapter 4

Licensing, registration and monitoring

Article (36) Requirements to be licensed

A. Unless licensed by the Commission pursuant to the provisions of this Chapter, and in accordance with Commission rules, no person may engage in business in the Kingdom as --

- broker,
- dealer,
- investment trustee,
- investment manager,
- financial services company,
- underwriter,
- investment trustee,
- financial adviser, or
- custodian,

with respect to securities.

B. Unless registered with the Commission, no natural person may serve as a registered representative in any of the foregoing.

C. The Commission shall establish licensing requirements for each class of licensee listed in Paragraph (A) and registration requirements for registered representatives. These requirements shall specify standards of training, experience, and competence, of financial responsibility and of operational capability for its members and persons employed by such members. The Commission may require some form of examination or other demonstration that the applicant meets the standards established.

D. The Commission, by Commission rules, may provide an exemption from the licensing and registration requirements set forth in this Article for persons engaged in the foregoing activities with respect to one or more classes of securities of a public issuer where the public interest does not require such professionals transacting in the designated securities to be licensed by the Commission.

Article (37) Application for license or registration

- A. An application for licensing as a broker, dealer, investment trustee, investment manager, financial adviser, underwriter, financial services company or custodian or any permitted combination of these functions, shall be filed in writing with the Commission in such form as the Commission, by Commission rules, regulation or instruction, may prescribe. The application shall be duly verified under oath, and shall state the following:
1. the company or business names
 2. the form of business organization
 3. the principal office of the applicant, wherever situated and its principal office and all branch offices in the Kingdom, if any
 4. residences and business addresses of all persons interested in the business as principals, co-partners, officers and directors, specifying as to each his capacity and title; and
 5. the nature of the business and the length of time the applicant has been engaged.
- B. The Commission may also require such additional information, under oath, as to applicant's previous history, record and connection with other companies, as it may deem necessary to establish the good repute in business of the applicant.
- C. There shall be filed with the application an irrevocable written consent to the service of process upon the Commission in actions against the applicant in the form prescribed by Commission rules.
- D. If the Commission finds that the applicant is of good repute and has complied with the provisions of this Act, including the payment of any fee required by the Commission, it shall license such applicant.
- E. Every license under this Chapter shall expire on the thirty-first day of December in each year, but subject to Article (47), a new license for the succeeding year shall be issued upon written application and upon payment of the required fee. For renewal of a license, such further statements or additional information as may be necessary to make the statements and information on file with the Commission accurate and current shall be furnished by the applicant. Applications for renewals must be made not less than thirty nor more than sixty days before the first day of the ensuing year, otherwise they shall be treated as original applications. The fee for such license and for each annual renewal shall be in such reasonable amount as may be determined by the Commission.

- F. Changes in a license occasioned by changes in the personnel of a partnership or in the principals, co-partners, officers or directors of any broker, dealer, investment manager, financial services company, investment trustee or underwriter may be made from time to time by written application setting forth the facts with respect to such change.
- G. The Commission shall issue a decision accepting or denying the license application within two months from the date the completed application is submitted to the Commission.

Article (38) Bank guarantee (Kafaleh) or financial security required

Upon being licensed or registered, a licensed or registered person shall file with the Commission a bank guarantee (kafaleh), or other financial security in lieu thereof, in such sum and on such conditions as the Commission may determine is adequate for the protection of the public. The bank guarantee (kafaleh) or other security shall be to the Government of the Kingdom and be conditioned upon the faithful compliance with the provisions of this Law by the licensed or registered person and the persons acting for them. The bank guarantee (kafaleh) shall be executed by a bank authorized to do business in the Kingdom. In lieu of a bank guarantee (kafaleh), bonds of the Government of the Kingdom may be filed. If a bank guarantee (kafaleh) is filed, any person damaged by the failure of a licensed or registered person, or a person acting for a licensed or registered person, to comply with the provisions of this Law, shall be entitled to sue the bank under its guarantee (kafaleh) and to recover the damages suffered. If other securities are filed in lieu thereof, such person may subject such securities to the payment of such damage. Under no conditions shall the person guaranteed be the same person who issues the guarantee.

Article (39) Functions that may be combined

- A. A financial services company may obtain a single license to embrace the conduct of business as a broker, dealer, investment manager, investment trustee and underwriter or any combination of these services.
- B. Any licensed broker, dealer, investment trustee, investment manager, financial services company or underwriter is permitted to serve as a financial adviser without being separately licensed as a financial adviser.

Article (40) Functions that may not be combined

No person shall at the same time serve both as an investment manager and as an investment trustee for the same account or for the same client.

Article (41) Public record of licenses

The names and addresses of all persons approved for licensing or registration and all rulings with respect thereto, shall be recorded in a Record of Licensed or Registered Persons kept in the office of the Commission which shall be open to public inspection.

Article (42) Requirements as to books and records of licensees

- A. Every person licensed under the provisions of this Chapter shall make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Commission, by Commission rule may prescribe as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this Law.
- B. All records of persons described in this Article are subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this Law.
- C. Accounting records shall be maintained in accordance with approved accounting standards.

Article (43) Segregation of accounts

Notwithstanding the provisions of any other law,

- Client's money and securities at all times are required to be separated and segregated from the licensee's money and securities as wadiaa madaniya in accordance with requirements specified by the Commission. All agreements concluded with the client shall bind the licensee to segregate accounts in the manner prescribed herein and by the Commission rules.
- Except where expressly provided to the contrary by the Commission through rules, regulations or instructions, money or assets held by a licensee on behalf of investors shall be considered to belong to the investors and shall not be available to distribute to the creditors of the licensee in the event of the licensee's insolvency or default. This shall apply without regard to the name in which the account is opened or maintained or in which the securities are held.
- The Commission, by Commission rules, may prescribe the method of naming accounts and the requirements for the segregation and safekeeping of client money and assets.

Article (44) General obligation to comply with Law etc.

- A. Persons licensed or registered pursuant to this Chapter are required to comply with the provisions of this Law and Commission rules, orders and directives.
- B. Without limiting the generality of the foregoing, among other violations, it shall be a violation of this Law --
 - 1. Misdirect, misapply or otherwise misuse funds entrusted by clients or by shareholders;
 - 2. engage in acts or practices of deception.
 - 3. Individually or in collusion, to fix the commissions or service fees charged to clients, or limit the types of services provided thereto;
 - 4. Individually or in collusion, to affect or attempt to affect the capital market adversely or otherwise; or
 - 5. Otherwise engage in prohibited acts or practices.

Article (45) Duty of professionalism

In carrying out their activities, licensed and registered persons, and their employees, shall perform their duties and abide by the rules of professional conduct to be issued for this purpose, such as acting with loyalty and dedication, in their clients' best interests so as to realize their clients' investment objectives. They also shall not discriminate between clients, charge them excessive commissions and fees, or guarantee or promise them definite amounts of profits, or otherwise engage in prohibited acts.

Article (46) Denial or cancellation of license

It shall be sufficient cause for refusal or cancellation of a license in case of a partnership or company, if any member of a partnership or any officer or director of the company has been guilty of any act or omission which would be cause for refusing or revoking a license.

Article (47) Continuation of license

The Commission is authorized by Commission rule, to establish and enforce requirements for the continuation of any license issued under this Chapter. Failure to have a license renewed shall require the terminated licensee to discontinue the business in accordance with the provisions of Article (49).

Article (48) Denial or revocation of license or registration

- A. A license or registration under this Law may be refused, or any issued license or registration may be revoked, by the Commission if, after reasonable notice and hearing, the Commission determines that the applicant, licensee or registrant:
- (1) Has violated any provision of this Law or any Commission rule; or
 - (2) Has made a material false statement in the application for license or registration; or
 - (3) Has been guilty of a prohibited act; or
 - (4) Has demonstrated unworthiness to transact business as a licensed or registered person.
- B. In cases of charges against a registered representative, notice thereof shall also be given the person employing the registered representative.
- C. Pending the hearing, the Commission shall have the power to order the suspension of the license or registration; Provided, that the order shall state the cause for such suspension.
- D. Until the entry of a final order, the suspension of a license or registration, though binding upon the persons notified thereof, shall be deemed confidential, and shall not be published, unless it shall appear that the order of suspension has been violated after notice.
- E. The final order of the Commission refusing or revoking a license, together with its findings, shall be entered in the Record of Licensed or Registered Persons. The suspension or revocation of the license of a licensed person shall also automatically suspend or revoke the registration of all his registered representatives.

Article (49) Discontinuance of business

- A. Any licensed person that decides to discontinue carrying out any of its licensed activities shall promptly inform the Commission about its decision.
- B. The Commission shall issue a decision to revoke the license upon the fulfillment of all the requirements set by the Commission for the settlement of all claims and unfinished matters related to the activity being discontinued.

Article (50) Liquidation

- A. Notwithstanding the provisions of any other law, the liquidation of any licensed person, whether voluntary or involuntary, shall be carried out under the Commission's monitoring and supervision. Provided, however, that this provision shall not apply to a bank licensed to carry on banking business in the Kingdom under the Banking Law with respect to its banking.

- B. The Commission may refer any licensed person to a court of competent jurisdiction for compulsory liquidation.
- C. Notwithstanding the provisions of any other law, the money and securities belonging to the clients of a licensed person shall not be subject to lien, sequestering or liquidation to which financial services companies are subject.

Article (51) Customer agreements

- A. The relationship between a client and a financial services company shall be determined according to a written agreement. The agreement must be in conformity with Commission rules.
- B. Every licensed person, when contracting with its clients or transacting in securities for their interests, shall certify the validity of its clients' signatures after verifying their identities and capacities for contracting. The licensed person shall be responsible for the validity of the said signatures.
- C. Any licensed person that sells or disposes of any securities without a written authorization from its owner or a written agreement pursuant to which the sale or disposition is authorized shall be deemed to have committed forgery.

Article (52) Capital Market Associations

- A. With the approval of the Commission and registration therewith, capital market professionals, whether legal or natural persons, may form their own professional associations. Upon approval of its licensing by the Commission, an association thus created shall have a separate juridical personality, and may, in this capacity, carry on its activities, pursue its objectives, protect the interests of its members, promote interaction between members, and raise awareness about standards of professional conduct.
- B. The following shall be set forth in the By-laws and Articles of Association of any association organized under this provision: the rules and procedures governing the Association's establishment, the contributions of its members, all other matters relating to the Association, the manner of its management, dissolution, and disposing of its property; the formation of the Association's General Assembly and the Board of Directors and their respective duties, and the manner of convening their meetings; and the Association's financial and administrative matters, including the subscription and annual membership fees therein.

Chapter 5

Trading Markets

Article (53) Creation of Amman Stock Exchange

- A. A Stock Exchange to be known as the Amman Stock Exchange shall be established in the Kingdom, and shall have a separate juridical personality with administrative and financial independence. As such, it may carry out all legal acts including concluding contracts and acquiring and disposing of movable and immovable property, and authorizing a lawyer to act on its behalf in legal proceedings.
- B. Pursuant to a Cabinet decision, the Amman Stock Exchange hereby established is authorized to reorganize, restructure, reconstitute, dissolve or take any other action necessary in order that it may organize itself in a form of its choice. Provided, however, that any such transformation shall be in accordance with the law applicable to the form of transformation. The entity so established shall be considered a general successor for the Amman Stock Exchange and shall supersede it legally and actually in all its rights and obligations.
- C. The membership of the Amman Stock Exchange shall consist of licensed brokers and any other parties designated by the Commission. The General Assembly shall consist of members who have paid their subscription and annual membership fees. Each member of the General Assembly shall have one vote in the General Assembly's meetings.
- D. The Stock Exchange shall be managed by a Board of Directors and a Chief Executive Officer employed on a full-time basis. The rules and procedures governing the General Assembly, the formation of the Board of Directors, the duties entrusted to each, the manner of convening the meetings of the General Assembly and of the Board of Directors, and of adopting the decisions therein and all other matters related thereto shall be regulated by by-laws to be drawn up for this purpose. The Chief Executive Officer shall be appointed by the Board of Directors upon consultation with the Commission. The Chief Executive Officer shall not engage in any other activity or be a shareholder in a broker or dealer.
- E. In the event that the ASE transforms into another organizational form pursuant to the provisions of Paragraph (A), to the extent that any of the aforesaid requirements regarding the Amman Stock Exchange cannot be implemented because of the transformation shall be determined, as the case may require, as part of the Commission's decision regarding the transformation with the approval of the Cabinet.

- F. Any stock exchange to be established and licensed according to the provisions of this Article shall have a separate juridical personality with administrative and financial independence. With the approval of the Commission, the stock exchange may raise funds through external borrowing and by undertaking profit-making activities; provided however, that any borrowings or profit-making activities shall not be allowed to create claims against the stock exchange with respect to its trading market functions.

Article (54) Licensing and requirements for stock exchange by-laws and rules

- A. A trading market may be licensed as a stock exchange under the terms and conditions hereinafter provided in this Article by filing with the Commission an application for license in such form as the Commission, by Commission rule, may prescribe containing the by-laws and rules of the stock exchange and such other information and documents as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.
- B. A trading market shall not be licensed as a stock exchange unless the Commission determines that:
1. Such trading market is so organized and has the capacity to be able to carry out the purposes of this Law and to comply, and to enforce compliance by its members and persons associated with its members, with the provisions of this Law, the Commission rules, and the by-laws and rules of the trading market.
 2. The by-laws and rules of the trading market provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities.
 3. The by-laws and rules of the trading market are designed to prevent fraudulent and manipulative acts and practices, to promote fair and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this Law matters not related to the purposes of this Law or the administration of the trading market.
 4. The by-laws and rules of the trading market provide that its members and persons associated with its members shall be appropriately disciplined for violation of the provisions of this Law, the Commission rules, or the by-laws and rules of the trading market, by:

- Expulsion; suspension; limitation of activities, functions, and operations;
 - fine, censure;
 - suspension or prohibition from being associated with a member, or
 - such other sanction as may be determined to be appropriate in accordance with established trading market procedures.
 - to discipline members and persons associated with members;
 - to deny membership to any person seeking membership for just cause;
 - to bar any person from becoming an affiliate of or employed by a member thereof for just cause; and,
 - where the interests of public investors require, to prohibit or limit access to services offered by the trading market or a member thereof to any person.
5. The by-laws and rules of the trading market provide fair procedures.
6. The by-laws and rules of the trading market do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of this Law.
7. The by-laws and rules of the trading market establish standards of training, experience, and competence, of financial responsibility and of operational capability for its members and persons employed by such members.
8. The by-laws and rules of the trading market establish standards and procedures for disciplinary action in the case of members who do not meet the exchange standards of training, experience, and competence, of financial responsibility and of operational capability.
9. The by-laws and rules of the trading market provide for assuring capital adequacy and the monitoring of capital adequacy of members.
10. The by-laws and rules of the trading market prohibit the chairman and the vice chairman from both being officers, directors, employees or representatives of brokers or banks during the same term in office.

Article (55) Powers of a licensed stock exchange

- A. A licensed stock exchange is herewith empowered to conduct, or have conducted on its behalf, such audits and investigations of its members and of trading as it deems necessary to determine whether the by-laws and rules of the stock exchange or provisions of this Law or the Commission rules thereunder, have been violated. For this purpose, the stock exchange shall enact by-laws and rules to establish procedures to authorize investigations and to protect the legitimate rights of members during the conduct of an investigation.

- B. The stock exchange by-laws and rules shall provide that, in the conduct of audits and investigations, authorized representatives of the stock exchange may inspect, and make copies of, the books and records of any stock exchange member, either with or without prior notice; except any such inspection shall be conducted only during customary business hours. The obligation to permit inspection and copying of members shall be a condition of their membership.
- C. For purposes of this Article, books and records shall include bank statements, correspondence, memoranda, documents, computer files and other written or electronic forms of information storage.
- D. Any information to which stock exchange employees or representatives have access shall be deemed confidential. However, the stock exchange may disclose information it deems necessary for the protection of investors.
- E. The stock exchange is empowered to order the suspension of dealings in any traded security for the period it deems appropriate; or the cessation of continued business activity by a member for the period it deems appropriate.

Article (56) Exchange is exclusive trading market, records of trades

- A. It shall be unlawful for any broker or dealer to effect any transaction in a security of a public issuer, or to report any such transaction, except on a licensed stock exchange unless such security or stock exchange specifically is exempt from this limitation by the Commission.
- B. Trading on a stock exchange shall be only through transactions conducted between brokers, either on behalf of clients or for their own account, in accordance with the by-laws, rules and procedures of the stock exchange and established through the stock exchange's records. The by-laws, rules and procedures of the stock exchange shall be legally binding on the parties, notwithstanding the provisions of other, general laws governing contracts and commercial transactions.
- C. The entry records and the accounts maintained by the stock exchange, whether manually or electronically, as well as any document issued by the exchange pursuant thereto, *prima facie* shall constitute legal evidence of the trade and date stated therein.

Article (57) Bases for stock exchange to bar or restrict membership

- A. A stock exchange may bar a person from becoming a member or being employed by a member, or establish conditions of the membership or employment, if such person (i) does not meet the standards of training, experience, and competence prescribed by the by-laws, rules and procedures of the stock exchange or (ii) has engaged, and there is a reasonable likelihood he may again engage, in acts or practices inconsistent with just and equitable principles of trade.

- B. In accordance with procedures established by its by-laws and rules, a stock exchange may examine and verify the qualifications of an applicant to become a person employed by a member and require any person employed by a member, or any class of such persons, to be registered with the stock exchange and subject to the by-laws, rules and procedures of the stock exchange.
- C. A stock exchange may bar any person from becoming employed by a member if such person does not agree to supply the exchange with information that the stock exchange, by rule, may require.
- D. In any proceeding (other than a summary proceeding) by a stock exchange to determine whether a member or person associated with a member should be disciplined, the stock exchange shall bring specific charges, notify such member or person of, and give him an opportunity to defend against, such charges, and keep a record. A determination by the stock exchange to impose a disciplinary sanction shall be supported by a statement setting forth -
 - (1) any act or practice in which such member or person associated with a member has been found to have engaged, or which such member or person has been found to have omitted;
 - (2) the specific provision of this Law, the Commission rules thereunder, or the by-laws and rules of the stock exchange which any such act or practice, or omission to act, is deemed to violate; and
 - (3) the sanction imposed and the reasons therefor.
- E. In any proceeding by a stock exchange to determine whether a person shall be denied membership, barred from becoming employed by a member, or prohibited or limited with respect to access to services offered by the stock exchange, the stock exchange shall notify such person of the specific grounds for denial, bar, or prohibition or limitation under consideration and provide an opportunity for the person to be heard upon the charges. The stock exchange shall record the proceeding. A determination by the stock exchange to deny membership, bar a person from becoming associated with a member, or prohibit or limit a person with respect to access to services offered by the stock exchange or a member thereof shall be supported by a statement setting forth the specific grounds on which the denial, bar, or prohibition or limitation is based.
- F. Notwithstanding the foregoing provisions of this Article, where the stock exchange, after notice to the Commission, determines that a member is in such financial or operating difficulty that the member cannot be permitted to continue to do business without jeopardizing the interests of investors, creditors, other members, or the stock exchange, the stock exchange may summarily suspend, limit or prohibit access to services offered by the stock exchange.

- G. In the event summary action is taken pursuant to subparagraph F. of this Article, the stock exchange shall promptly thereafter conduct a full hearing at which the member shall be permitted to dispute the stock exchange's determination.

Article (58) Members bound by stock exchange by-laws and rules

- A. The by-laws and rules, of a stock exchange, as approved by the Commission, shall be legally binding upon the members and those persons who transact business on the stock exchange through members.
- B. Members shall execute a written commitment upon becoming members of the stock exchange pursuant to which they undertake to comply with the stock exchange's by-laws, and rules.
- C. Failure to abide by stock exchange by-laws and rules or default in the payment of dues and fees by any member shall subject the member to sanctions by the stock exchange, including financial sanctions.

Article (59) Admission of securities to trading

- A. Only securities deposited with the Center may be traded in the stock exchange.
- B. Every public shareholding company organized in the Kingdom, and every public issuer in the Kingdom, is required to apply for admission of its outstanding securities for trading on a licensed stock exchange.
- C. No issuer organized under the laws of the Kingdom shall list its securities on a stock exchange or trading market outside the kingdom without the approval of the Commission.
- D. A stock exchange, by, by-laws and rules, may establish different sets of conditions for securities to be admitted to trading. The by-laws and rules may establish "listing" standards and may provide for a distinction between listed securities and those admitted to trading without satisfying the listing standards. All securities of an issuer of the same class and type shall be admitted to trading on the same basis.
- E. The by-laws and rules of the stock exchange shall require as a condition to admission of securities to trading thereon that the issuer of the securities enter into binding agreements with both the stock exchange and the Securities Depository Center pursuant to which the respective rights and obligations of the issuer, the stock exchange and the Center shall be established. These agreements shall be binding contracts and enforceable by their terms, notwithstanding any provisions of law to the contrary.

Article (60) Commission review of stock exchange by-laws and rules

The by-laws and rules of a stock exchange, and any amendments or revisions to a stock exchange's by-laws and rules, shall be submitted to the Commission for review prior to their being made effective. For this purpose, the Commission shall establish procedures and timetables.

Article (61) Member financial obligations to stock exchange

- A. Subject to approval by the Commission, a stock exchange shall charge its members subscription and annual membership fees.
- B. A stock exchange may impose fines in accordance with its internal by-laws.

Article (62) Financial account

- A. Any deficit in the revenue and expenditures account, both current and capital, for any fiscal year shall be covered from the general reserves. If the general reserves are insufficient to cover the deficit, it shall be covered by equal payments from stock exchange members, which payments shall be credited for members against net future revenues.
- B. Upon termination of its juridical personality whether by dissolution, liquidations or termination in any manner, the Amman Stock Exchange's property shall devolve upon the Public Treasury.

Chapter 6

Securities Depository Center

Article (63) Establishment of Securities Depository Center

- A. A Center to be known as the “Securities Depository Center” shall be established as a non-profit public entity in the Kingdom to serve as the depository and the agency for clearing and settlement for securities transactions on the stock exchange.
- B. The Center shall be the only entity authorized to carry out such activities in the Kingdom. It shall be a separate juridical entity with administrative and financial independence. As such, it may carry out all legal acts, including concluding contracts, acquiring and disposing of movable and immovable property, and appointing a lawyer to act on its behalf in legal proceedings. The rights and properties of the Center due from third parties shall be considered state property and shall be collected by the Commission according to the enacted State Properties Collection Law.
- C. The Center shall be managed by a Board of Directors and a Chief Executive Officer. The by-laws and rules relating to the General Assembly, the formation of the Board of Directors, the manner of convening of meetings of the General Assembly and the Board of Directors and of adopting decisions therein, as well as the authorities and the tasks of the General Assembly, the Board of Directors and the Chief Executive Officer, and all other financial and administrative matters related thereto shall be regulated by the Center’s by-laws and rules issued for this purpose.
- D. The Chief Executive Officer shall be appointed by the Board of Directors upon consultation with the Commission. The Chief Executive Officer shall assume his position on a full time basis, and shall not engage in any other activity.
- E. With the approval of the Commission, the Center may raise funds through external borrowing; provided however, that any borrowings shall not be allowed to create claims against the Center with respect to its depository, clearing and settlement functions.
- F. The Center’s objective shall be the safekeeping of securities traded on the stock exchange and the orderly clearing and settlement of transactions.
- G. The Center shall be subject to inspection, audit and monitoring by the Commission.

Article (64) Settlement, registration and transfer; legal entitlements

- A. The issuer of any security in the Kingdom shall register at the Center the securities issued thereby, according to the regulations issued by the Center for this purpose.
- B. The certificates of ownership of securities deposited at the Center shall be cancelled according to the regulations issued by the Center for this purpose.
- C. The rights of the securities holders shall be assumed through the Center pursuant to by-laws issued by the Center for this purpose.
- D. The Center shall have exclusive authority to register, clear and settle trades and effect binding transfers with respect to public traded securities (as defined in this Law) and securities issued by a public shareholding company organized under the laws of the Kingdom.
- E. Registration and transfer of ownership of securities traded on the stock exchange and the price settlements of such securities between financial brokers shall be by means of entries in the Center's records.
- F. The Center may accept electronic data from its members and from the Stock Exchange in accordance with the by-laws and regulations issued thereby.
- G. Unless otherwise proven, the entry records and the accounts maintained by the Center, whether manually or electronically, as well as any document issued by the Center, *prima facie* shall constitute legal evidence of ownership, registration, transfer of ownership of the securities, at the price and on the date stated in the records, accounts or documents.
- H. If a lien, or other restriction of ownership resulting from a court decision, is imposed on deposited securities, the Center shall fix that restriction in its register on the date of receiving the court decision, unless the ownership of the respective deposited securities has been transferred prior to that date.
- I. The respective rights and obligations of the seller of securities, of the purchaser thereof and of third parties thereto shall be established on the date of concluding the contract at the stock exchange.
- J. The Center shall document according to the procedures in effect the ownership of the sold securities and register the transfer of its ownership in the Center's records.
- K. The settlement of the traded securities deposited in the Center shall be by the simultaneous transfer of its ownership against the payment of the price therefor.

Article (65) Autonomy of the Center

- A. Subject to approval by the Commission, the Center shall determine its membership, fee structure, organizational form and lines of business; provided, however, that the Center shall not engage in any business involving brokerage or advising with respect to securities or financial intermediation.
- B. No person shall combine the membership of the Center's Board of Directors and the stock exchange's Board of Directors.
- C. Membership in the Center is mandatory for the following market participants:
 - 1- Public shareholding companies.
 - 2- Companies issuers of securities
 - 3- Financial services companies licensed to carry out brokerage activities.
 - 4- Financial services companies licensed to carry out custodial activities.
 - 5- Any other entity as determined by the Board.
- D. The provisions related to the conditions and requirements of membership in the Center for entities referred to in paragraph (C) of this Article and all other matters related thereto, shall be determined according to the by-laws and regulations issued by the Center.
- E. Failure to abide by Center by-laws and rules or default in the payment of dues and fees by any member is a violation of this Law.

Article (66) Center's by-laws and rules

- A. The Center's by-laws and rules, as well as amendments thereto, shall be subject to approval by the Commission and shall include provision for the following:
 - 1. The form, method and binding effects of registration and transfer of ownership of securities, and settlements of contracts of securities traded in the stock exchange;
 - 2. Specification of the rights and obligations of the parties involved in the clearing, settlement and transfer processes;
 - 3. The time of the vesting of rights of creditors of the parties to securities trades, including rights with respect to both the cash (or cash equivalents) and the securities involved, during the process of sale, purchase or transfer;
 - 4. Information, data, and records that are considered confidential and the persons authorized to have access thereto, by virtue of their job;
 - 5. Information, data and records that the Center must disclose and the information, data and records that are accessible to the public for viewing and copying;

6. Standards of professional conduct applicable to the members of the Center and members of the Board of Directors, and to the Executive Officer and the Center's employees;
 7. Prohibition to the chairman and the vice chairman both being officers, directors, employees or representatives of brokers, public companies, banks or custodians during the same term in office.
- B. The Center's by-laws and rules may provide authority for representatives of the Center to inspect, and make copies of, the books and records of any Center member, either with or without prior notice; except any such inspection shall be conducted only during customary business hours. The obligation to permit inspection and copying shall be a condition of their membership.

Article (67) Center authority to impose fines, liens, etc.

- A. The Center may impose fines in accordance with its by-laws and regulations.
- B. The Center may impose a lien on the securities owned by its members who fail to settle their obligations.
- C. The fines imposed by the Center shall devolve to the Center.

Article (68) Member financial obligations to Center

Subject to approval by the Commission, the Center is authorized to require, and to fix the amounts of, members' subscription and annual fees and commissions and fees for its services.

Article (69) Financial account

- A. Any deficit in the revenue and expenditures account, both current and capital, for any fiscal year shall be covered from the general reserves. If the general reserves are insufficient to cover the deficit, it shall be covered by equal payments from Center members, which payments shall be credited for members against net future revenues.
- B. Upon termination of its juridical personality whether by dissolution, liquidations or termination in any manner, the Center's property shall devolve upon the Public Treasury.

Article (70) Member insolvency

- A. Notwithstanding any other legislation, if the Center's member is declared bankrupt, the Center shall, according to regulations issued thereby, and before the commencement of the bankruptcy proceedings pursuant to the enacted relevant legislation, take all appropriate measures to fulfill the settlement of any pending transactions that such member was a party therein before the declaration of its bankruptcy. Such transactions, after the settlement thereof, shall be considered valid before third parties.
- B. Notwithstanding paragraph (A) of this Article, the Commission may, by (itself) or upon a request from a concerned party, cancel partially or (completely) any of the transactions referred to in paragraph (A) of this Article. Such cancellation shall be upon justified reasons including that the said transactions have not been concluded in a bona fide manner.

Article (71) Settlement Guarantee Fund

- A. A fund shall be established at the Center under the name (Settlement Guarantee Fund). It shall be a separate juridical entity with financial independence. The Settlement Guarantee Fund shall be administered by the Center. Membership in the fund is required of all brokers operating on the stock exchange.
- B. The Center's Board of Directors, subject to the approval of the Commission, shall issue by-laws that specify the fund's objectives, its management, the subscription required of members, the management of its assets, the method of its work, the obligations of the fund's members, the measures and by-laws and rules of the fund's liquidation and such other matters as the Center's Board of Directors determines to be necessary or appropriate.
- C. Notwithstanding the provisions of other legislation;
 - 1. The provisions and by-laws and rules related to trading contracts, including those applicable to the conclusion of such contracts, the documentation and methods of proof of such contracts, the revocation, nullification and cancellation of such contracts, the settlement of the rights and obligations arising therefrom and the conditions and procedures of transferring securities ownership, shall be determined according to a special regulation issued for this purpose.
 - 2. The provisions and by-laws and rules related to trading in securities, including documentation of any restriction imposed on transfer of its ownership and the relationship between the brokers and the securities owners, shall be determined according to the special regulation referred to in subparagraph (1) of this paragraph.

Chapter 7

Mutual Funds and Investment Companies

Article (72) Legal authority for creation of mutual funds

- A. This Law authorizes the formation of a new form of business enterprise known as a "mutual fund" which shall qualify as a legal person with administrative and financial autonomy. A mutual fund shall be organized pursuant to, and shall operate in accordance with, the provisions of this Chapter and the by-laws and rules thereunder.
- B. The purpose of a mutual fund is to invest in a portfolio of securities or other financial assets for the purposes of providing professional management of a collective investment on behalf of the interests of its share or unit holders. A mutual fund shall, in its own name and capacity, have the right to own and dispose of property, conclude contracts, and sue or be sued.

Article (73) Requirement for licensing; Commission power to exempt

- A. No person shall offer interests in any arrangement whereby
1. the interests of participants are pooled for the purpose of investing in financial assets,
 2. profits are shared, and
 3. the day-to-day management of the arrangement is centralized unless --

it is organized as a mutual fund under this Chapter and registered with the Commission pursuant to this Law; or it is an investment company not subject to this Chapter.

- B. The Commission shall have the authority, by Commission rules or order, to provide exemptions to this requirement or to compliance with specific requirements of this Chapter applicable to mutual funds and investment companies. Any Commission rules or order issued hereunder shall be published and made public. By Commission rules, the Commission shall establish procedures to apply for specific exemption pursuant to this provision.
- C. Without limiting the generality of Paragraph (B) of this Article, the Commission, by Commission rules shall provide exemptions under this Chapter for the following:
- banks licensed under the Banking Law in the conduct of their banking business;
 - insurance companies in the conduct of their insurance underwriting business, including the investment of underwriting reserves;
 - venture capital companies with fewer than 25 investors,

- any shared investment, combined, or co-mingled account maintained by a bank exclusively for the combined investment and reinvestment of moneys held in separate accounts by the bank in its capacity as a trustee, executor, administrator or guardian,
- investment companies that do not pool the interests of public investors for the purpose of investing in financial assets, or
- where the protection of public investor interests does not require the application of the provisions of this Chapter.

Article (74) Types of mutual funds

A mutual fund may be organized either as an "open-end" investment scheme or as a "closed-end" investment scheme. This Chapter shall constitute the legislative basis for the organization of such a mutual fund, whereby it shall qualify in all respects as a legal person within the meaning of Section 50 of the Jordan Civil Code. Without limiting the generality of the foregoing, a mutual fund organized under this Chapter shall have the capacity to contract in its own name, to sue and be sued, to issue securities in its own name and to do anything else a legal person may do.

Article (75) Open-end funds

An open-end fund shall have the authority to continuously issue and repurchase its shares, and the shares it issues shall not be transferable except through inheritance or succession. The price at which it issues and repurchases its shares shall be based on the pro rata portion of the net asset value of the fund as at the time of such issue or repurchase.

Article (76) Closed-end funds

A closed-end fund shall be organized on the basis of a stated capital, and its shares shall be as freely transferable as the shares of a public limited company organized under the laws of Jordan. The shares of a closed-end fund may be issued either by public offering or by private placement and may be listed on the stock exchange.

Article (77) Capital of open-end fund

The board of directors alone, without the need to obtain the approval of the shareholders, shall have the right to increase or decrease the authorized capital of an open-end mutual fund.

Article (78) Shares of open-end fund

The shares of an open-end fund may be issued or redeemed only at the price calculated on the basis of its net assets, in accordance with principles and procedures prescribed by the Commission rules.

Article (79) Shareholders

- A. A mutual fund shall be organized and managed for the benefit of its shareholders. The fund's capital shall be divided into investment units with equal entitlements. Owners of such units shall be liable only in the amount of their shares in the fund's capital. Payments for the investment units shall be in cash in one installment upon subscription.
- B. A shareholder of an open-end mutual fund may request the company to redeem his shares at a price representing the net value of the shares calculated on the date of redemption less the value of any applicable fees or commissions, calculated in accordance with principles and procedures prescribed by Commission rules.

Article (80) Fund management

A mutual fund shall have a board of directors, no more than 20 percent of whom shall be affiliated with an investment manager. The board of directors shall be responsible for retaining and supervising an "investment manager" to conduct the day-to-day management of the fund portfolio. The fund directors shall be elected by the fund shareholders at an annual meeting, at which each fund share shall be entitled to one vote.

Article (81) Fund assets

- A. The capital of the mutual fund shall be divided into investment units with equal entitlements.
- B. Assets of the mutual fund may not be attached to secure or collect any debt assumed by any owner of its investment units.
- C. The principles and criteria for diversification of the investments of mutual funds and the acceptable types of dealings shall be specified in by-laws, rules and procedures to be issued by the Commission, provided, however, that subject to the provisions of paragraph (b), no mutual fund or registered investment company may undertake any of the following:
 - a. Borrow in the amount equal to or greater than 10 percent of the value of its net assets;
 - b. Invest more than 5 percent of its assets in the securities of the same issuer, except for securities issued by the Government or the Central Bank of Jordan, or guaranteed by either;

- c. Hold more than 10 percent of the securities issued by one issuer;
 - d. Invest more than 10 percent of its assets in securities issued by other investment companies or mutual funds;
 - e. Invest in the securities issued by the fund's investment manager or any companies affiliated therewith.
- D. The Commission, upon application by a mutual fund or registered investment company, may allow an investment company to exceed the limits stipulated in Paragraph (A) if it determines that the investors' interests are adequately protected and that compliance with the stipulated limits would be difficult or impractical.

Article (82) Investment management

- A. A mutual fund's investments shall be managed by a licensed investment manager. The fund and the manager shall enter into a management contract for this purpose, and management contracts shall conform to Commission rules.
- B. Management contracts shall be limited to a term of one year, renewable annually, and subject to approval of the fund shareholders. The full text of the contract between the fund and the investment manager shall be published and provided to each shareholder by mail prior to execution by the fund.
- C. The fund's investment manager shall not have a direct or indirect beneficial investment interest in any transaction he conducts for the fund. No person shall hold jointly any position with the investment manager and any custodian, trustee or underwriter for the fund.

Article (83) Duties and responsibilities of investment manager

The investment manager shall have the following duties and responsibilities:

- A. preparation and filing of fund prospectus
- B. registration of fund shares with the Commission
- C. management of fund investments in accordance with the fund's stated investment policy
- D. promotion and marketing of fund shares
- E. administration of fund share transactions

Article (84) Authority to make arrangements for fund

With the approval of the fund's board of directors, the investment manager shall make appropriate arrangements to register and transfer mutual fund shares, to establish asset and net asset value, for custody of fund assets, for auditing the fund and for the monitoring and supervision of the fund management as may be prescribed by Commission rules.

Article (85) Conflicts of interest**A. Prohibited relationships**

In addition to the prohibitions set forth in Article (820 with respect to investment managers, no fund shall have a board of directors comprised of more than 60 percent of persons who are interested persons. For purposes of this Article, “interested persons” shall include any person or partner or employee of any investment manager, broker, dealer, underwriter, registered representative or legal counsel for such licensed company.

B. Prohibited transactions

It shall be unlawful for any promoter, investment manager of, custodian or underwriter for, a fund, or any affiliated person of such promoter, investment manager of, custodian or underwriter for, a licensed investment company --

- (1) knowingly to sell any security or other property to such fund, unless such sale involves solely securities of which the seller is the issuer and which are part of a general offering to the holders of a class of its securities;
- (2) knowingly to purchase from such fund any security or other property (except securities of which the seller is the issuer); or
- (3) to borrow money or other property from such fund.

C. By-laws, rules and procedures, prohibiting fraudulent, deceptive or manipulative courses of conduct.

It shall be unlawful for any promoter, investment manager of, custodian or underwriter for, a fund, or any affiliated person or employee of such promoter, investment manager of, custodian or underwriter for, a fund to purchase or sell, directly or indirectly, by such person of any security held or to be acquired by such fund in contravention of Commission rules adopted to define, and prescribe means reasonably necessary to prevent, acts, practices, or courses of business that are fraudulent, deceptive or manipulative.

Chapter 8

Violations and Penalties

Article (86)

It is a violation of this Law to make any false statement of a material fact in any document filed with the Commission in pursuance of the requirements of this Law.

Article (87)

It is a violation of this Law to offer or sell securities on the basis of false or misleading statements of a material fact concerning (1) the rights and privileges conferred by the security being offered or sold or (2) the nature of the issuer's business, the success thereof, the issuer's financial condition or the future prospects of the issuer.

Article (88)

It is a violation of this Law for any auditor or accountant to certify financial statements that falsely state the accounts being certified.

Article (89)

Any auditor or accountant who certifies financial statements containing false or misleading financial statements in violation of accepted accounting standards and practices shall be liable in damages to any party suffering financial loss as a direct result of such false or misleading financial statements.

Article (90)

It is a violation of this Law to engage in deception or misrepresentation with respect to transactions involving securities or in the conduct of an activity licensed pursuant to this Law.

Article (91)

- A. Any person found by a court to have violated the provisions of this Law or any of the Commission rules issued thereunder shall be subject to a fine of not more than twenty thousand (20,000) Jordanian Dinars, in addition to a fine of not less than twice the amount, and not more than five times the amount of profit made or loss avoided by the person who commits the violation.

- B. In addition to the fines specified in Paragraph (A) of this Article, and without prejudice to stricter penalties imposed by any other legislation, any person committing a violation shall be subject to any of the following penalties:
- (1) Imprisonment of up to three years for violations of the provisions of Article () of this Law;
 - (2) Imprisonment of up to one year for violations of the provisions of Articles (), () and () of this Law.
- C. The court may exempt from the prison penalty first offenders and offenders who deposit in court or with the Commission sufficient funds to cover all fines and compensation which may be ordered by the court, provided the funds are paid before the court decision becomes final.
- D. Accomplices, accessories and instigators shall be subject to the same penalties as primary offenders.
- E. If the offender is a juridical person, then members of its board of directors, managers, general partners, and concerned employees thereof shall be deemed liable for any violation, unless it is established that those had no knowledge of the violation.
- F. A person who violates intentionally, or as a result of gross negligence or of failing to exercise due care, the provisions of this Law shall be held liable for damages incurred by other persons in the amount of loss incurred or profits foregone.
- G. The provisions of this Article shall not apply to violations committed prior to the coming into force of this Law except for compensation orders and provisional measures.

Article (92)

- A. It is a violation of this Law intentionally to disseminate false or misleading information, data or statements for the purpose of affecting the price of securities or the reputation of any issuer in the capital market.
- B. No person, either solely or in collusion with others, shall effect any transaction in securities for the purpose of creating a false impression of the price or volume of trades in any security or in any related security.

Article (93)

- A. It is a violation of this Law for an insider, as defined in Article (2) to trade or to influence others to trade on the basis of inside information, as also defined in Article (2).

- B. It is a violation of this Law for any member of the boards of directors, executive manager or employee of the Commission, Amman Stock Exchange or the Center to use any inside or confidential information to attain material or moral gains whether for their own benefit or for benefit of others.
- C. Persons in possession of inside information are responsible not to divulge any such information to any person other than their respective competent authority or the courts. In the event they do divulge inside information that results in trading in the securities market, the divulging party shall be in violation of this Law.

Article (94)

- A. If securities are sold in violation of the provisions of this Law, any investor who suffers financial damage may recover the amount of such damage in an action in any court of civil jurisdiction in the Kingdom.
- If the violation of Law constitutes a sale without an effective prospectus, the injured investor may recover from the seller of the security upon a showing (i) that no prospectus covering the securities had been declared effective by the Commission, and (ii) the investor suffered financial loss as a result of the purchase of the securities.
 - If the violation of Law constitutes a failure to make adequate and accurate disclosure in a prospectus or report required by this Law to be filed with the Commission, the investor may recover from any person who signed the prospectus or report upon a showing that:
 - the prospectus or report omitted facts material to an investor in the decision to buy, sell or continue to hold the security; or
 - the prospectus or report set forth a false or misleading statement of facts material to an investor in the decision to buy, sell or continue to hold the security.
- B. An action pursuant to this Article shall be instituted no later than three years following the date of (i) the sale, in the case of a sale without an effective prospectus, (ii) the effective date of the prospectus or (iii) the date of filing of the report.
- C. In addition to damages, an investor who prevails in an action brought pursuant to this Article shall be entitled to an award to reimburse for attorneys fees and costs incurred in the litigation.

Article (95)

The Commission may restrict, suspend or revoke the license of any person licensed under this Law if the Commission finds that the licensee has--

1. Violated any provision of this Law or Commission rules thereunder;
2. Is indicted for fraud or deceit in connection with any transaction in securities; or
3. Has been found by the Commission to have committed fraud or deceit.

Article (96)

1. Civil and Criminal Securities cases instituted pursuant to the provisions of this Law shall be handled by the competent courts expeditiously, including the enforcement of court decisions.
2. Notification procedures in court cases involving securities shall be carried out pursuant to the Civil Procedures Law. However, notification of persons whose place of residence or business is outside the Kingdom, shall be either at the address of choice thereof within the Kingdom, if any, or by advertising the notification in at least one local daily newspaper, and sending a copy of the notice voucher by registered, courier or first class mail to the address outside the Kingdom, filed at the Commission. In the latter case, the notification date shall be the seventh day from the date of depositing the notification voucher with the mail.
3. Notwithstanding the provisions of any other legislation, all means of proof shall be admitted as evidence in securities cases, including electronic or computer data, telephone recordings, and telex and facsimile messages.

Chapter 9

Interim and Final Provisions

Article (97)

The temporary Securities Law No. (23) for the Year 1997 is repealed, as well as any provision of any other legislation to the extent it contradicts with the provisions of this Law.

The Commission rules in force prior to the effectiveness of this Law shall continue, and all rules, regulations, instructions, decisions and procedures issued pursuant to the temporary Law No. (23) for the Year 1997 shall be in force and shall be considered as being issued pursuant to this Law, until they are amended or repealed.

Article (98)

In interpreting this Law, the courts shall construe its provisions to recognize the finality of securities trades on the stock exchanges and of the conclusiveness of the records of the Securities Depository Center as to the ownership rights to securities and the entitlement to funds in the Center's accounts. Without limiting the generality of the foregoing, the courts shall give effect to the irrevocability of the final settlement by the Securities Depository Center of securities trades on the stock exchange.

Article (99)

- A. The Commissioners serving at the time of the enactment of this Law shall continue in office for the terms for which they were appointed and shall exercise the authorities granted thereto by this Law and shall enforce its interim provisions. The Commission may issue any Instructions and decisions necessary for this purpose and draft Regulations in preparation for their issuance.
- B. The provisions of this Law shall come into force pursuant to decisions issued by the Council of Ministers, upon the Commission's recommendations, provided this is done within two years of the date of publication of this Law in the Official Gazette.
- C. The Commission may issue the Commission rules necessary to implement the provisions of this Law, until the issuance of Regulations necessary for its implementation.
- D. Members of the Amman Stock Exchange and the Center shall cooperate with the Commission to ensure the enforcement of the interim provisions of this Law, and shall comply with all Commission rules in this regard, including those providing for payment of financial obligations.

Article (100)

All licenses issued by the Commission pursuant to the provisions of the temporary Securities Law No. (23) for the year 1997 are hereby reissued. All such licensed natural or legal persons shall make any necessary adjustments prescribed by the Commission rules through its instructions, rules or regulations, and within the time period specified thereby.

Article (101)

Requirements of this Law that all issues of securities be within the system operated by the Securities Deposit Center under Article () shall not be implemented until such date as the Commission shall determine as feasible

Article (102)

All issuers of securities shall submit to the Center a register of owners of securities issued by them, and any data related to such registers and owners of securities entered therein, in accordance with instructions issued by the Center for this purpose.

Article (103)

The Amman Stock Exchange should adjust its status to comply with the licensing requirements of this Law and the Commission rules issued pursuant thereto within the period specified by the Commission.

All regulations, instructions and decisions issued by the Amman Stock Exchange shall remain in force until repealed, replaced or amended.

Article (104)

The Commission, the Amman Stock Exchange and the Center may establish provident funds for their employees and personnel, which funds shall enjoy a juridical personality and financial and administrative autonomy.

Article (105)

Prospectuses of securities, registration thereof, trading therein and any transactions related thereto shall be exempt from stamp duties, notwithstanding the provisions of the Stamp Duties Law in force.

Article (106)

In the event any provision of this Law is inconsistent or in conflict with the provision of any other law prior in time, the provision of this Law shall prevail.

The Securities Law Text In Arabic

The Securities Law Table In Arabic